GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:1030
ANSWERED ON:04.12.2015
Agricultural Loan
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Will the Minister of FINANCE be pleased to state:

(a) the details of the norms/target fixed by the Government/Reserve Bank of India (RBI) for disbursement of agricultural loans to the farmers in the country;

(b) the details and percentage of agricultural loans disbursed, interest rate charged and target achieved by the banks for sanctioning of loans to farmers in the country by the public/private sector banks, cooperative banks and National Bank for Agriculture and Rural Development along with the details of outstanding loans against them during the last three years and the current year, bank and State/UT-wise;

(c) whether the Government has any proposal or special scheme to reschedule/ waive off loans of farmers in the country;

(d) if so, the details thereof;

(e) whether the Government proposes to issue any guidelines for providing loans directly to the farmers through the public sector banks; and

(f) if so, the details thereof along with the corrective steps taken/being taken by the Government in this regard?

Answer

The Minister of State in the Ministry of Finance

(a): As per Reserve Bank of India (RBI)'s extant guidelines on Priority Sector Lending (PSL), all Domestic Scheduled Commercial Banks and foreign banks with 20 and above branches have been mandated to earmark 18% of their Adjusted Net Bank Credit (ANBC) or Credit Equivalent amount of Off-Balance Sheet Exposure (OBE), whichever is higher, as on the corresponding date of the previous year, for lending to Agriculture. Within the 18 percent target for agriculture, a target of 8 percent of ANBC or Credit Equivalent Amount of Off-Balance Sheet Exposure, whichever is higher is prescribed for Small and Marginal Farmers, to be achieved in a phased manner i.e., 7 per cent by March 2016 and 8 per cent by March 2017. Foreign banks with 20 branches and above have to achieve the Agriculture Target within a maximum period of five years starting from April 1, 2013 and ending on March 31, 2018.

Besides, Government of India has been setting an annual target for the flow of credit to the agriculture sector.

(b): The details of target and achievement in respect of agricultural loans during the last three years are as follows :-
(Rs. in crore)

Year	Target	Achievement	% achievement of target
2012-13	5,75,000	6,07,376	105.63
2013-14	7,00,000	7,30,122.62	104.30
2014-15	8,00,000	8,45,328.23*	105.67

* Provisional (Source: NABARD/IBA/PSBs)

The agriculture credit target for 2015-16 has been fixed at Rs.8,50,000 crore.

The Bank-wise and State/UT-wise details of outstanding agricultural loans/advances in respect of Commercial banks for the last three years are given in Annexure-I & II respectively. The State/UT-wise details of outstanding agricultural loans in respect of Cooperative Banks and Regional Rural Banks, for the last three years, are given in Annexure III, IV & V respectively.

The interest rates on loans have been deregulated by Reserve Bank of India (RBI) and it is now based on the Base Rate fixed by the banks. However, with a view to ensuring availability of agriculture credit at a reasonable cost, the Government provides interest subvention to make available the short-term crop loans upto Rs. 3 lakhs for a period of one year at the interest rate of 7% per annum and in case of prompt repayment, the same gets reduced to 4%.

(c) & (d): No scheme for waiver of agricultural loans is under Government's consideration. However, RBI has issued standing guidelines for relief measures to be provided by respective lending institutions in areas affected by natural calamities which, inter alia, include identification of beneficiaries, extending fresh loans and restructuring of existing loans, relaxed security and margin norms etc.

The moment calamity is declared by the concerned District Authorities, these Guidelines have been so designed that they are automatically set in motion without any intervention and this saves precious time. Further under the Interest Subvention Scheme, 2015-16 in order to provide relief to the farmers on occurrence of natural calamities, the interest subvention of 2% shall continue to be available to banks for the first year on the restructured amount and such restructured loans may attract normal rate of interest from the second year onwards as per the policy laid down by RBI.

(e) & (f): In order to ensure that all eligible farmers are provided with hassle-free and timely credit for their agricultural operations by banks including Public Sector Banks (PSBs), the Government has introduced the Kisan Credit Card (KCC) Scheme, which enables them to purchase agricultural inputs such as seeds, fertilisers, pesticides, etc. and draw cash to satisfy their consumption needs. The KCC Scheme has since been simplified which has the provision of ATM enabled debit card with, inter alia, facilities of one-time documentation, any number of drawals within the limit, built-in cost escalation in the limit, etc.

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